

Lean Enterprise Academy



LEA e-letter – 23 January 2008

Where to do Lean?

Dear Lean Community Member

The beginning of a new year is a great time to look ahead to new challenges. One of the key challenges facing lean thinkers is to focus on doing the right things and getting the right results. In the past when I asked people why they are doing lean the answer was often “to eliminate waste” or Muda. Well and good – but how much of the Muda being eliminated was actually low hanging fruit and how much effort was really going into eliminating the causes of this Muda in the first place?

The next answer I heard was “to create flow” through the value stream. Now we are getting somewhere. This would involve addressing at least some of the causes of Muda. But it is still not the right answer. A better answer is “to solve an important problem or to seize a critical opportunity facing the business”. Unless we can identify measurable benefits for customers, employees, shareholders and the environment – ideally for all four – we should question whether we are doing the right things.

This questioning starts at the top of the organization as it debates which of the hundreds of projects and activities to pursue. One of the toughest parts of a policy management process is to deselect worthy initiatives in order to focus on the handful of objectives that will make the biggest contribution to the business in the year ahead. But this need to select and focus on doing some things and not others is a critical skill at every level of the business. The other side of the coin is that one solution does not fit all – so different answers may be needed for different customers or different product lines even if they share a common process route or value stream.

It all starts with correctly framing the problem to be solved. Then through a dialogue with superiors and subordinates making sure that this is the most important problem you could be solving and that it is consistent with the overall needs of the business. Then it is about developing the right plan to solve the right problem.

In truth it is hard to please every customer all of the time. Things go wrong, competitors get their act together and change happens. But looking beyond the day-to-day hiccups, on whom should we focus our efforts? Clearly on our most important and most profitable customers or types of customers (which may not be the same). How many of these customers or customer groups account for half of your sales? I bet not many. If so, how do their requirements differ from the rest?

Retailers and service providers are learning how to serve different types of customers in different ways by knowing much more about how they use

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their products and services. Manufacturers ought to do the same - build a real time picture of how key customers use your products (rather than how they order them). This should in turn enable you to offer win-win improvements that help them while at the same time streamlining your processes.

This also applies to products. The same product flowing to different types of customers may have very different demand characteristics. Some are built to replenishment pull while some are built to order. We also learnt that focusing on the few high volume products and managing them separately from the rest is the fastest way to make progress in plants with a complex product mix. Separating routine tasks from infrequent or more complex tasks is also the way to improve flows in the office.

The same also applies to streamlining the value stream. I hope we are beyond using newly discovered tools everywhere. Does it make sense to do TPM and SMED on every machine and develop standard work at every work station? Well not really. Use them on the key steps that need to be performed accurately, reliably and frequently and to solve the most important problems that are obstructing the flow.

Finally apply the same focus to reshaping your supply base. Work with the most important suppliers to align their activities with yours and to explore ways of compressing those value streams in time and maybe distance.

In other words – don't do lean everywhere! At least not all at once! Heretical maybe. But it makes sound business sense. Why else would you be doing lean?

Yours sincerely

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